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December 16, 1993

VIA TELECOPY

Thomas Mintz, Esq.
United States Environmental
Protection Agency, Region IX
Office of Regional Counsel
75 Hawthorne Street
San Francisco, CA 94105-3901

Re: Pacific Airmotive Corporation

Dear Mr. Mintz:

I have been advised that, despite further efforts by PAC's consultant, Kennedy-Jenks, EPA and RWQCB technical representatives are unwilling to discuss reasonable limitations on the scope of work for additional investigative activities at PAC's Burbank facility. Accordingly, PAC will not be in a position to submit a workplan by the December 17, 1993 deadline that you have set.

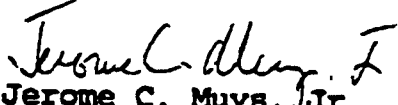
PAC believes that the scope of the workplan now being requested by EPA and the RWQCB is unreasonable considering the body of data that exists for the facility. PAC believes that a more targeted soil gas investigation that is reasonably related to suspected contaminant sources would be appropriate, and PAC remains willing to undertake such an investigation.

Notwithstanding PAC's willingness to perform further investigative activities that are reasonably related to an actual or threatened release, we have been advised that EPA will issue a CERCLA § 106 order if PAC does not agree to voluntarily perform the "partial remedial investigation" outlined in your correspondence of November 19, 1993. We believe there is no basis for concluding that the PAC facility poses an imminent and substantial endangerment to public health or welfare, and that any such order would therefore be beyond EPA's authority.

As we have discussed, PAC is willing and ready to negotiate a reasonable scope for the soil gas investigation. The agencies'

refusal to enter into such negotiations appears to us to be counter-productive and in no one's interests.

Sincerely,


Jerome C. Muys, Jr.

cc: Mr. Robert Ghirelli
Jorge Leon, Esq.
Mr. Yue Rong
Mr. Hubert H. Kang